

Applicant : Peter B. Madore et al.
Serial No. : 09/272,342
Filed : March 19, 1999
Page : 13 of 17

REMARKS

The above-identified patent application has been amended and reconsideration and reexamination are requested.

The examiner rejected claims 1, 2, 4, 7, 8, 10, 11, 15, 24, 25, 28, 29, 31-34, 36-40, 55 and 58 under 35 U.S.C. 102(b) as anticipated by Harrington. The examiner also rejected claims 3, 5, 12, 26, and 56 under 35 U.S.C. 103(a) as obvious over Harrington in view of Silverman, and claims 6, 9, 13, 14, 16-23, 27, 30, 35 and 57 as obvious over Harrington.

For the record applicant notes that claim 64 is also pending in the application. Applicant will treat this claim as being rejected.

Claim 1 recites entering responses to the order, each ... specifying a relative price with a price improvement with the relative price being relative to a generally accepted indicator of a prevailing, current market Harrington does not suggest this feature of claim 1. Harrington does not have a concept of a generally accepted indicator of a prevailing, current market price. Harrington does not suggest a specified price improvement and therefore, Harrington does not suggest a relative price with a specified price improvement.

Harrington also does not suggest matching the order with a first one of the responses that meets conditions specified by the order, during the exposure time ... with the first one of the responses terminating the auction. Harrington collects bids and will only terminate the auction according to the end time of the auction. See for instance Col. 9 lines 49-51 (AON auction); Col. 10 line 32-41.

Dependent claims 2-13 which were variously rejected under 35 U.S.C. 102(b) as anticipated by Harrington, or U.S.C. 103(a) as obvious over Harrington in view of Silverman, or as obvious over Harrington alone add additional features.

Amended claim 2 further limits the exposure time specified by the order to being less than or equal to about 30 seconds.

Amended claim 3 further limits relative price by reciting that the price of the response changes with changes in the generally accepted indicator during the life of the order having an impact on the final price of the order.

Applicant : Peter B. Madwa et al.
Serial No. : 09/272,542
Filed : March 19, 1999
Page : 14 of 17

Claim 6 further limits claim 1 by reciting expiring the order if the exposure time specified by the order has elapsed and no matching response was received.

Claim 7 further limits claim 1 to entering pre-defined relative indications that ... specify a price relative to a current market price and ... being dormant and undisclosed to participants in the market until and unless matched with an order. Neither Harrington nor Silverman teaches dormant, unseen trading interest that remains dormant and unseen until matched with an order.

Claim 9 further limits entering orders by specifying a price for the order. Harrington does not specify a price since the purpose of Harrington's system is to discover a price for the bond with a dominated principal and maturity date.

Claims 11 and 12 further distinguish.

Claim 13 distinguishes as in claim 6 and further since Harrington does not teach a pre-defined relative indication.

Claim 14 recites a method of auctioning financial products ... entering orders for financial products into the distributed, networked computer system by specifying in the order a price for the financial product, a quantity of the financial product and exposure time, which the order can remain active.

Harrington does not suggest this feature. The examiner considers that FIG. 15 of Harrington discloses this feature. According to Harrington, at col. 11 line 63 to col. 12 line 23:

The Administration menu 128 is for use by the technical staff of the auctioneer to create, modify or terminate auctions, add or remove bidders, allow user access to applicable pages (e.g., bidders to the auction page and Issuers to the observation page), and view auctions in progress. The operation of the administration menu 128 is schematically illustrated in the flow chart of FIG. 3c and two of the web pages accessible therefrom are shown in FIGS. 14 and 15. These pages may also show the true interest cost of the winning bids and the resized principal amounts as described above.

In FIG. 3c, the administrator can list registrants at step 123, add/delete registrants at step 125, or modify registrant information at step 127 as shown in FIG. 14. The administrator can view an ongoing auction at 129, release selected auction data for completed auctions at step 130, create or modify up-coming auctions at step 132 as shown in FIG. 15, delete an auction at step 134, restart an

Applicant : Peter B. Madon et al.
Serial No. : 09/272,542
Filed : March 19, 1999
Page : 15 of 17

auction at step 136, view and/or set permission parameters at step 138, and open/close trial auctions at step 140. In the viewing of the auction at 129, the administrator may select best bids at 142, cover bids at 144, individual bids at 146, or a summary at 148 for viewing. In creating or modifying up-coming auctions at step 132, the administrator may choose to create or modify existing documents at 150 which will take him to the selected document at step 152, or may choose to set and or change auction parameters at 154 and/or maturity dates and amounts at 156.

Harrington does not allow the order entry side of an auction to control the exposure time of an order, that is, as recited in claim 14, entering the order and specifying in the order conditions of ... exposure time for which the order can be displayed for responses. Harrington describes a GUI that allows an administrator of an auctioneer to create auctions in which participants submit bids between a specified start and end time of the auction.

However, this does not suggest entering an order for a product by specifying in the order ... an exposure time for which the order can be displayed for responses.

Claim 14 further distinguishes by reciting entering responses ... and for a first one of said orders matching said first order to the responses and contra-side orders ... with a first one of the responses that meets the conditions specified by the order terminating the auction. Harrington does not describe this feature.

Harrington does not match orders to responses and contra-side orders. Harrington is a price/yield discovery process that starts with a new offer of bond issue(s) to discover how the bond issue(s) should be priced in the market given market conditions. Harrington as such does not suggest an order. An order with exposure time is functionally not the same as the GUI of FIG. 15. This can be seen because Harrington does not and it would make no sense to provide a contra-side order (an order at the other side of the market) in Harrington's system. An issuer of bonds seeking to establish a price through the bidding process (the offer as referred to in Harrington) would not use the GUI of FIG. 15 to also buy those bonds back. This would make no sense. Also, FIG. 15 does not provide any provision for the Issuer to buy bonds and thus set in motion an order to buy. FIG. 15 only deals with offers to sell bonds to underwriters. Thus, the GUI of FIG. 15 does not produce orders with an exposure time and could not provide contra-side orders that reside in the system.

Applicant : Peter B. Madon et al.
Serial No. : 09/272,542
Filed : March 19, 1999
Page : 16 of 17

Claim 14 further distinguishes since Harrington does not terminate the auction when a first one of the responses meets the conditions specified by the order.

Claims 15-23 add additional distinguishing features. For instance, claim 17 recites that the orders can include additional conditions attached to the order and claim 18 recites that the additional conditions can include a price improvement. Claim 23 recites that an expired order is sent for a guarantee execution by a market maker or for execution on a market or an exchange.

Claim 24 distinguishes since Harrington does not suggest instructions to receive at least one response specifying a relative price with price improvement... and match the order with the at least one response during the exposure time ... at the price of the response, with the relative portion of the price fluctuating according to changes in a national best bid/offer price that is periodically published during the auction.

Claims 25-32 are allowable at least for the reasons given in base claim 24.

Claim 33 recites a system for auctioning financial products ... including a plurality of workstations for entering orders ... by specifying in the order ... an exposure time for which the order is displayed for responses, a plurality of workstations for entering responses ... a server computer ... executing a server process that for a first one of said orders determines a match to said first order with the responses and contra-side orders during the exposure time specified by said first order. There is no concept of an order or contra side orders in Harrington's system and it would not be apparent from Harrington to modify the Harrington system to provide functionality to handle orders and match with responses and contra side orders as claimed.

Claims 34-39 add distinguishing features.

Claim 40 distinguishes by reciting ... workstations for entering orders that specify a price ... a quantity ... and exposure time for which the order can remain active, a plurality of workstations for entering predefined relative indications, the predefined relative indications ... being undisclosed to participants in the market until and unless matched with an order ... and a server computer ... executing a server process ... to determine a match to a first order with the predefined relative indications, responses and contra-side orders during an interval determined by the exposure time specified by said first order.

Applicant : Peter B. Madö et al.
Serial No. : 09/272,542
Filed : March 19, 1999
Page : 17 of 17

Claim 55 distinguishes by reciting matching the order with a first one of the response or the contra side order that satisfy conditions of the order and in accordance with the exposure time specified by the order.

Claims 56-58 add distinguishing features. For instance, claim 56 recites that the order with the condition is exposed to the market for the exposure time and the exposure does not reveal the condition and claim 57 recites ... the condition specified the price improvement relative to the national best bid/offer (NBBO). Harrington does not teach these limitations.

Claim 64 distinguishes by reciting instructions to receive an order ... specifying a condition that seeks a specific minimum relative price improvement and an exposure time, receive a response ... specifying a price, which can be a relative or fixed price or a contra-side order that may have a condition seeking a relative price improvement ... and match the order with the response or contra-side order in accordance with the exposure time specified by the order.

Claims 65-70 add distinguishing features. For example, claim 65 recites that the order further specifies a condition that seeks a specific minimum relative price improvement. This is not described in Harrington and claim 66 recites that ... at least some of the responses to the order specify a price, which is a relative price with a specified price improvement.

Claim 71 distinguishes over the reference by reciting ... entering responses to the order, at least one of the responses specifying a relative price with a price improvement ... entering predefined relative indications ... specify a price relative to a current market price which are dormant ... and undisclosed ... until and unless matched with the order and matching the order with a first one of the responses or predefined relative indications that meets conditions specified by the order, during the exposure time specified by the order.

Claims 72- 78 serve to further distinguish claim 71.